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SUBJECT: BANGLADESH - USTR DELEGATION FINDS SOME PROGRESS ON LABOR
ISSUES

REF: SECSTATE 10011

SUMMARY

1. (SBU) An interagency delegation led by the Office of the U.S. Trade Representative (USTR) found some progress on labor issues in Bangladesh during a recent visit but noted areas where further improvements are needed, particularly in the Ready-Made-Garment (RMG) sector operating outside Bangladesh's Export Processing Zones. The visit, which focused on concerns raised in the AFL-CIO's GSP petition, also highlighted limitations of Bangladesh's Caretaker Government in addressing labor issues. Representatives of Bangladesh's shrimp and fish industry explained how they are attempting to solve problems in the aquaculture sector identified by the petition. End Summary.

2. (U) A USTR-Department of Labor delegation recently visited Dhaka to meet government, industry, and labor group representatives to discuss progress on labor rights issues, pursuant to a review based on a Generalized System of Preferences (GSP) petition filed by the AFL-CIO in 2007. Led by Aaron Rosenberg, Deputy Assistant US Trade Representative for Labor Affairs, the delegation included Timothy Wedding (Division Chief, Trade Policy and Negotiations, Department of Labor) and Adina Adler (USTR Director for South Asia). The delegation also addressed intellectual property rights (IPR) issues and discussed the current status of the US-Bangladesh Trade and Investment Framework Agreement (TIFA) which will be reported SEPTEL.

LABOR AND INDUSTRY STAKEHOLDERS: CONTRASTING PERSPECTIVES

3. (SBU) In a meeting organized by the American Center for International Labor Solidarity (ACILS), local labor groups

acknowledged recent progress in Bangladesh's Export Processing Zones (EPZs). However, labor leaders expressed concerns about continuing grievances in the ready-made garment (RMG) sector outside the EPZs, specifically regarding the termination of workers without cause. One worker estimated that 60 percent of factories outside the EPZs pay minimum wages, but he was only referring to the least skilled workers, (different minimum wages apply to workers at other skill levels, for which compliance data was not available). In a separate meeting, RMG industry representatives claimed continued progress on labor issues, citing statistics of 98 percent compliance with minimum wage laws, a figure at odds with worker claims.

14. (U) The industry representatives described efforts to comply with customers' compliance programs, including those of U.S. buyers, as well as initiatives to train factory managers. The participants expressed concern about how to attract additional investment to Bangladesh, repeatedly mentioning their interest in securing duty-free access for RMG exports to the US market through the New Partnership for Development Act currently pending before Congress.

15. (SBU) Shrimp and frozen fish industry representatives acknowledged U.S. labor concerns as valid and outlined the ways in which they are trying to address the problem. They claimed that child labor was largely absent from processing and packaging factories but conceded that at the farm level (lower in the supply chain) child labor existed. (Note: This is consistent with general trends in Bangladesh's informal and agricultural sector, End Note). The industry leaders said they expected further growth in exports and appeared eager to improve social compliance efforts, as well as

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to address labor issues lower in the supply chain.

VISIT TO THE DHAKA EXPORT PROCESSING ZONE

16. (SBU) The delegation had a frank discussion with then Executive Chairman of the Bangladesh Export Processing Zones Authority (BEPZA) Brigadier General Abdullah Ashraf Yussuf. Yussuf recounted his efforts to implement the EPZ Workers' Association and Industrial Relations Act (EWAIRA). Although the establishment of labor tribunals - a critical unimplemented measure of EWAIRA highlighted in the GSP petition - was not within his authority, he said he expected it could occur within the next few months. Alternatively, existing labor courts could be authorized to take on the labor tribunal function. He agreed that full implementation of EWAIRA was required and was positive about the long-term possibility for harmonizing labor laws, i.e. the application of the national labor laws to the EPZ.

17. (SBU) Regarding labor unrest in the EPZs, the Executive Chairman conceded that initially (over a year ago) there was a credible basis for worker unrest - non payment of wages was a problem, and 90% of the factories were not paying on time, or according to minimum wages. During his tenure, however, he said he had worked to ensure compliance with applicable laws.

18. (SBU) During a tour of the Dhaka EPZ, the delegation observed workers association elections. It was clear that the EPZ authority had actively facilitated formation of workers associations through provision of election assistants, ballot boxes, etc. The delegation also met with the EPZ's labor counselors, who discussed complaints they received from workers, many of which concerned holiday and maternity leave.

19. (SBU) An unresolved issue was whether NGOs and organizations like the Solidarity Center are permitted to work with EPZ workers. Representatives of a Korean investor and the Ministry of Commerce said outside groups (including the Solidarity Center) were not allowed to work with (e.g., assist in unionizing) EPZ workers. Conversely, the BEPZA Executive Chairman said outside NGOs were free to work with the EPZ workers, pointing to his own productive working relationship with the Solidarity Center.

110. (U) During his meeting with the delegation, the BEPZA Executive

Chairman hinted he would soon be replaced. Days later the GOB announced that Brigadier General Jamil Ahmed Khan would replace Yussuf.

GOVERNMENT OF BANGLADESH: REPRESENTATION WITHOUT COORDINATION

¶11. (SBU) Bangladesh's Commerce Secretary convened an inter-ministerial meeting with the USTR delegation that included representatives from the Ministry of Labor, Home Ministry, Ministry of Foreign Affairs, and the Bangladesh Export Processing Zone Authority. The GOB representatives presented general statements of progress regarding the issues laid out in the GSP petition. Overall, there was nothing significant to report and, at times, speakers contradicted each other. For example, when a Ministry of Commerce official stated there was no incidence of the worst forms of child labor in Bangladesh, a Labor Ministry official corrected him and noted that according to GOB estimates, there were approximately 1.2 million children employed in conditions deemed hazardous or which prevented them from attending school.

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¶12. (U) The U.S. delegation discussed the purpose of the GSP review, emphasizing that the review provided Bangladesh an opportunity to improve labor conditions. The delegation said the GOB needed to address the specific concerns outlined in the recent GSP demarche (REFTEL). The delegation also underscored its hope that the GOB would phase out EWAIIRA in favor a single, consistent national labor regime. The USTR also presented a recent analysis of Bangladesh's utilization of the GSP facility that highlighted opportunities for Bangladesh to further diversify its exports to the United States and identified specific ways in which to claim additional duty-free treatment for exports.

COMMENT

¶13. (SBU) Bangladesh's RMG sector continues to lack credible statistics on implementation of its minimum wage laws and overall labor compliance regime. Although there has been progress in the EPZ, the replacement of BEPZA Executive Chairman Brigadier General Abdullah Ashraf Yussuf is a setback, at least until the new Executive Chairman finds his feet. Initial meetings with Brigadier General Jamil Ahmed Khan suggest that he is personally committed to progress on labor issues, but the proof will be action on the ground. Despite a recent negative report regarding labor conditions in the shrimp industry, the Shrimp Processors Association in Bangladesh appeared to understand GSP petition concerns on child labor and promised to work with USAID to address them. While labor groups and the private sector seemed attuned to the GSP review process and issues, the Caretaker Government's capacity to coordinate a national response remains limited.

¶14. (U) USTR and DOL cleared this cable.

MORIARTY